

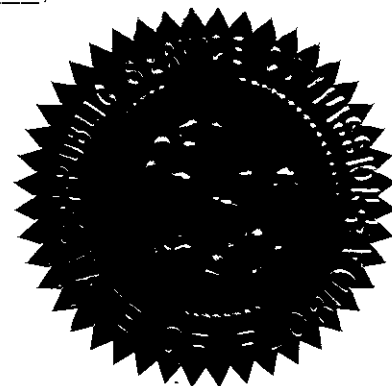
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BEFORE THE
FLORIDA PUBLIC SERVICE COMMISSION

DOCKET NO. 080001-EI

In the Matter of:

FUEL AND PURCHASED POWER COST RECOVERY
CLAUSE WITH GENERATING PERFORMANCE
INCENTIVE FACTOR. (FLORIDA PUBLIC
UTILITY COMPANY).



PROCEEDINGS: AGENDA CONFERENCE
 ITEM 8

BEFORE: CHAIRMAN MATTHEW M. CARTER, II
 COMMISSIONER LISA POLAK EDGAR
 COMMISSIONER KATRINA J. McMURRIAN
 COMMISSIONER NANCY ARGENZIANO
 COMMISSIONER NATHAN A. SKOP

DATE: Tuesday, July 1, 2008

PLACE: Betty Easley Conference Center
 Room 148
 4075 Esplanade Way
 Tallahassee, Florida

REPORTED BY: JANE FAUROT, RPR
 Official FPSC Reporter
 (850) 413-6732

DOCUMENT NUMBER-DATE

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FLORIDA PUBLIC SERVICE COMMISSION

FPSC-COMMISSION CLERK

1 PARTICIPATING:

2 NORMAN H. HORTON, JR., ESQUIRE, representing Florida
3 Public Utilities Company.

4 LISA BENNETT, ESQUIRE, BILL McNULTY, and SID MATLOCK,
5 representing the Florida Public Service Commission Staff.

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CHAIRMAN CARTER: We are on Item 8.

MR. McNULTY: Commissioner, are you looking for an introduction to that item?

CHAIRMAN CARTER: I beg your pardon?

MR. McNULTY: Chairman, are you looking for an introduction to that item?

CHAIRMAN CARTER: You're recognized.

MR. McNULTY: If the Commission approves FPL's petition for midcourse correction, which it has now done, when should the fuel and purchased power cost-recovery factors become effective is this particular issue. And our recommendation here is if the Commission approves staff's recommendation, the effective date of the revised cost-recovery factor should be August 4th, 2008.

COMMISSIONER EDGAR: Mr. Chairman, if I may --

MR. McNULTY: I'm sorry.

COMMISSIONER EDGAR: -- this is Mr. McNulty's birthday, and I think that he is having on over-50 moment. (Laughter.) I think that we have moved beyond that introduction, and we will be ready for, if I may, Mr. Chairman, a brief introduction on the next item involving FPUC, and I look forward to Mr. McNulty's introduction to that.

CHAIRMAN CARTER: Which is Item 8.

MR. McNULTY: Thank you. My mind recalls now you

1 saying 8, and I'm thinking that's not making sense.

2 CHAIRMAN CARTER: When you hit 50, things like that
3 happen.

4 MR. McNULTY: I understand.

5 CHAIRMAN CARTER: Now you have had an official
6 over-50 moment. Welcome to the club.

7 MR. McNULTY: Fifty isn't pretty so far, that's all I
8 can say. (Laughter.)

9 I will defer to Mr. Matlock to give the introduction
10 on that item.

11 CHAIRMAN CARTER: You're recognized.

12 MR. MATLOCK: Hello, Commissioners. I'm Sid Matlock.

13 Item 8 addresses whether the Commission should
14 approve FPUC's petition for midcourse correction to its 2008
15 fuel factors. FPUC has petitioned for increases in its fuel
16 factors to recover an additional \$1.4 million for its Marianna
17 Division and an additional \$1.8 million for its Fernandina
18 Beach Division. The additional costs are due to higher fuel
19 and demand costs than FPUC included in its 2008 factors.

20 Marianna and Fernandina's overrecovery percents are
21 both less than 10 percent. FPUC has petitioned for recovery
22 factor revisions to avoid possibly having even larger revisions
23 between 2008 and 2009. Staff recommends that the Commission
24 approve FPUC's midcourse corrections as filed in order to
25 promote rate stability commensurate with the matching of

1 revenues and expenses.

2 CHAIRMAN CARTER: Commissioners.

3 One second. Let's hear from the company.

4 Mr. Horton.

5 MR. HORTON: Thank you, Mr. Chairman. Norman H.
6 Horton, Jr., on behalf of Florida Public Utilities. With me is
7 Mr. Curtis Young, Mr. Don Myers, and Mr. Mark Cutshaw. And we
8 have been sitting here all day, and I have heard people say we
9 are going to be brief; I'll be very brief.

10 We agree with the staff recommendation. They have
11 recommended that our midcourse be approved, and we think that
12 is the appropriate recommendation. We agree that it's going to
13 be, in a way, beneficial to our customers. They've pointed out
14 that we are less than 10 percent underrecovered in both
15 divisions. Your order requires that we file something if we
16 are in excess of 10 percent, but it does not preclude us from
17 filing if we are less than 10 percent. And we think in this
18 situation that it would be appropriate to approve our
19 midcourse.

20 You did approve a midcourse for us last year that was
21 less than 10 percent, and I believe the staff has pointed out
22 in their recommendation that that was done previously in an
23 earlier case, 1990 maybe. But anyway we agree with staff and
24 would urge you to accept their staff recommendation.

25 Thank you.

1 CHAIRMAN CARTER: Thank you, Mr. Horton.

2 Commissioner Argenziano.

3 COMMISSIONER ARGENZIANO: Mr. Chair, this case is
4 quite different since they have had a recent base rate case. I
5 couldn't agree more with staff. And since they buy their
6 energy, there is no affiliate -- you know, other problems
7 there. I just move to accept staff's recommendation.

8 CHAIRMAN CARTER: Commissioner McMurrian.

9 COMMISSIONER McMURRIAN: I'll second.

10 CHAIRMAN CARTER: Commissioners, any further
11 discussion?

12 Commissioner Skop, you're recognized, sir.

13 COMMISSIONER SKOP: Thank you, Mr. Chairman.

14 Just in clarifying the staff recommendation or the
15 motion that was just made, is that also to adopt Option C?

16 CHAIRMAN CARTER: I think that they have got just one
17 set of recommendations here.

18 MR. McNULTY: Commissioner, that is correct. There
19 is a single recommendation here, and it's to --

20 COMMISSIONER SKOP: It has been a long day. I'm
21 sorry.

22 MR. McNULTY: We did not lay out options for this
23 particular item. We are -- they're recommending that the
24 entire underrecovery amount for each division be recovered in
25 2008?

1 COMMISSIONER SKOP: Thank you, Mr. Chair, and I agree
2 with Commissioner Argenziano's and Commissioner McMurrian's
3 thoughts on that.

4 CHAIRMAN CARTER: Commissioners, anything further?

5 We have a motion and a second on the floor. All
6 those in favor, let it be known by the sign of aye.

7 (Unanimous affirmative vote.)

8 CHAIRMAN CARTER: All those opposed, like sign.

9 Show it done.

10 Let's take seven minutes, and then we will kick off
11 Item 11, because we do have a call-in. Seven minutes.

12 (Recess.)

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1 STATE OF FLORIDA)

2 : CERTIFICATE OF REPORTER

3 COUNTY OF LEON)

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5 I, JANE FAUROT, RPR, Chief, Hearing Reporter
6 Services Section, FPSC Division of Commission Clerk, do hereby
7 certify that the foregoing proceeding was heard at the time
8 and place herein stated.

9

10 IT IS FURTHER CERTIFIED that I stenographically
11 reported the said proceedings; that the same has been
12 transcribed under my direct supervision; and that this
13 transcript constitutes a true transcription of my notes of
14 said proceedings.

15

16 I FURTHER CERTIFY that I am not a relative,
17 employee,
18 attorney or counsel of any of the parties, nor am I a relative
19 or employee of any of the parties' attorney or counsel
20 connected with the action, nor am I financially interested in
21 the action.

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23 DATED THIS 21st DAY OF JULY, 2008.

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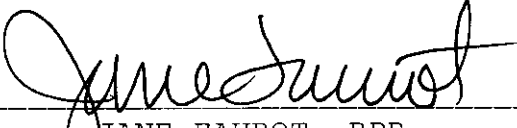
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